Modeling a lemonade stand

FINANCIAL MODELING

LECTURE SUMMARY

Covered in this lecture:

The first steps in modeling

- The first step in modeling anything is thinking about everything that's involved in the business and making a list

- 1. What goes into the product?
  In order to make a lemonade you will need water, sugar, lemons, and ice

- 2. How do you make the product?
  For making lemonade you will need a lemon juicer, and then you will need a pitcher and cups

- 3. How do you deliver the product?
  In order to serve the lemonade, you need to have a table, a chair, an umbrella, a sign that gets customers' attention, and probably a cashbox

- You have to assume that not all people who walk by your stand are going to buy lemonade

- You will need to keep track of:
  - how many people walk by
  - how many of them stop at your stand
  - how many of them actually end up buying

See you next lecture!